



Meihuei, Lin

**Entrando em novos mercados - o caso da OLI
Sistemas Sanitários, S.A. em Taiwan**

**Moving into new markets – the case of OLI
Sistemas Sanitários, S.A. in Taiwan**



Meihuei, Lin

**Moving into new markets – the case of OLI
Sistemas Sanitários, S.A. in Taiwan
Entrando em novos mercados - o caso da OLI
Sistemas Sanitários, S.A. em Taiwan**

Relatório apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Mestre em Línguas e Relações Empresariais, realizada sob a orientação científica da Doutor Gillian Grace Owen Moreira, Professora Auxiliar do Departamento de Línguas e Culturas da Universidade de Aveiro

O júri

Presidente	Professora Doutora Maria Fernanda Amaro de Matos Brasete Professora Auxiliar da Universidade de Aveiro
Arguente	Professora Doutora Zélia Maria de Jesus Breda Professora Auxiliar da Universidade de Aveiro
Orientadora	Professora Doutora Gillian Grace Owen Moreira Professora Auxiliar da Universidade de Aveiro

agradecimentos

Antes de mais nada, agradeço muito à minha orientadora académica, Gillian Moreira, por seu apoio amável e feedback oportuno para as minhas perguntas, e mais importante por suas preciosas instruções durante meu período de estágio.

À OLI - Sistemas Sanitários, S.A. por me dar a oportunidade de fazer parte do departamento de exportação, onde posso integrar meu estudo no ambiente de trabalho.

À Universidade de Aveiro, em particular, ao Departamento de Línguas e Culturas, pelo seu excelente conteúdo.

À Ana Maria Ramalheira, por suas orientações gentis durante meu estudo de mestrado.

Ao meu mentor de estágio, Paulo Jesus, por sua orientação, que deixaram tudo claro para mim para concluir este relatório.

Ao Daniel Almeida, que me guiou a cada passo e compartilhou comigo suas valiosas experiências de trabalho

Aos funcionários do departamento de exportação, que me ajudaram durante o período de estágio e tornaram minha experiência inesquecível e mais eficaz.

Por fim, um agradecimento especial à minha mãe, pai e minha família de Taiwan e Portugal, seus apoios estão sempre aqui comigo. A minha conquista e sucesso também pertencem a eles.

palavras-chave

OLI -Sistemas Sanitários, S.A., indústria sanitária, mercados externos, Taiwan, reconhecimento de marca, língua e cultura

resumo

Nos dias de hoje, explorar a globalização através da internacionalização para um novo mercado tornou-se uma necessidade económica.

É quase inevitável porque é visto como um meio que não apenas permite a expansão e o reconhecimento da marca, mas também o desejado crescimento da receita. Além disso, pode gerar ideias inovadoras e, portanto, levar ao desenvolvimento de novos produtos e tecnologias.

Este relatório foi elaborado no âmbito de um estágio realizado no OLI-Sistemas Sanitários, S.A., Aveiro, Portugal. O seu objetivo é descrever o processo de abordagem a um novo mercado externo, neste caso a entrada de OLI no mercado de Taiwan.

São abordadas questões centrais e desafios tomados em consideração ao entrar no mercado de Taiwan, incluindo questões linguísticas e culturais que podem inibir ou facilitar o estabelecimento de boas relações comerciais num mercado internacional.

keywords

OLI - Sistemas Sanitários, S.A., sanitary ware industry, export markets, Taiwan, brand awareness, language and culture

abstract

Today, exploring globalization through internationalization into new markets has become an economic necessity.

It is almost inevitable because it is seen as a medium that not only enables brand expansion and recognition, but also the desired revenue growth. In addition, it can generate innovative ideas and thus lead to the development of new products and technologies.

This report was written in the context of an internship undertaken in OLI-Sistemas Sanitários, S.A., Aveiro, Portugal. It aims to describe the process of approaching a new foreign market, in this case, the entry of OLI into the Taiwanese market.

The report addresses the central issues and challenges taken into account by OLI as it approached the Taiwanese market, including language and cultural issues which may hinder or facilitate the establishment of successful business dealings in the international marketplace.

Table of Contents

Introduction	1
Chapter 1 –OLI -Sistemas Sanitários, S.A.	5
1.1 History of OLI - Sistemas Sanitários, SA.	5
1.2. Organizational Structure of the Export Department	8
Chapter 2 – My responsibilities in the export department	10
2.1. Understanding the function and use of OLI products.....	10
2.2. Understanding Customer Relationship Management software systems	12
2.3. Analyzing buying patterns in different regions (price/ quality/ quantity)	13
2.4. Exploring new markets in Asia, particularly the Chinese and Taiwan markets	13
2.5. Identifying problems that the company can improve	14
Chapter 3 – Case Study: Approaching new markets – the Taiwan Market	17
3.1. Geographical study – Country definition (Taiwan)	18
3.2. Market Study	19
3.3. Financial, Political and Social Environment	20
3.4. Competition (Local & Overseas)	21
3.5. Import Duties Requirements	25
3.6. Local Certifications Required	25
3.7. Approaching Potential Leads (through sales channels)	28
3.7.1. Approaching Potential Leads - Day One 22/05/2019 Taipei.....	29
3.7.2. Approaching Potential Leads - Day Two 23/05/2019 Taichung.....	32
3.7.3. Approaching Potential Leads - Day Three 24/05/2019 Kaohusing.....	34
3.8. Product Range	35
3.9. Price Structure.....	37
3.10. Market Volume (Potential).....	38
3.11.1. Water stress by country	39
3.11.2. Challenges to be overcome	41
3.11.3. Aspects which most influence the buying decision	42
3.11.4. The significance of languages in business communication	42
3.12. Recommendations & Limitations.....	44
Concluding Remarks	45

References 49

Annexes..... 53

 Annex 1 - Marketing Email 53

 Annex 2 - Introduction for Taiwanese potential leads 55

Table of Figures

Figure 1 - OLI - 64 years of history	7
Figure 2 - International Market	8
Figure 3 - Organization in OLI export department.....	9
Figure 4 - My internship plan.....	15
Figure 5 - BSMI	26
Figure 6 - Water efficiency label.....	26
Figure 7 - Water efficiency label.....	26
Figure 8 - 11 categories	27
Figure 9 - the green mark.....	28
Figure 10 – nanoMark	28
Figure 11 - QR-INOX	31
Figure 12 - Price Table	37
Figure 13 - Price Table	38
Figure 14 - Water Stress by Country.....	40
Figure 15 - Plus technology	41

Introduction

It has been argued that many “international business scholars treat language as an issue at the heart of their subject area” (Tenzer, Terjesen, & Harzing, 2017, p. 2). Indeed, it is clear that foreign languages play important roles when it comes to international trade, which is essentially a business transaction between countries. The essence of international trade is an economic activity, and the development of international trade should not only be guided by certain economic development theories, but also by marketing approaches.

When international trade is seen as a behavior of cross-border transaction, languages are significant actors as a communication tool in order to achieve business cooperation. “Only by integrating the concepts and methods from different academic disciplines can the complexity of the influence of linguistics on international business be adequately understood” (Tenzer, Terjesen, & Harzing, 2017, p. 4). This integration of theoretical groundings and practical skills is the objective of my Masters course in Languages and Business Relations.

As noted by Van der Meulen (2017), language competence can be a competitive advantage for companies, and can be beneficial in areas such as marketing, sales and negotiations (Van der Meulen, 2017). Moreover language in international business identifies some developments in understanding the multifaceted role (Brannen, Piekkari, & Tietze, 2014). In fact, international and business relations are closely linked with others fields of knowledge, and their development requires effective attention to many factors.

First of all, we should define the geographical direction of trade, and formulate certain business development plans based on the geographical conditions of the target areas. Secondly, we should set up communication channels that can transmit our message effectively both to our target audience and to a general audience.

Therefore, there is no doubt that, from the business point of view, foreign languages are the key to help the growth of business performance, especially for communicating with customers, and suppliers. Effective communication allows team members to understand customers' needs and reach their ultimate goal.

OLI - Sistemas Sanitários, S.A is a renowned sanitary ware industry, regarded as a major player in providing sanitary mechanisms and concealed water tanks both in national and in European markets. Since I enrolled on this Master course, I wanted to do an internship in the field of export management in order to make good use of my language skills, and my professors and friends always told me that I should apply for an internship in a prestigious company. If I had a chance to seize this opportunity, it would for sure not only help my academic marks, but also my future career. I also felt that it was a good chance to do an academic internship for me as a foreigner living abroad. This way, I could practice my language skills through interactive communication in real-life situations as well as having the opportunity to build connections to the Portuguese community.

My academic goals were to develop competences in Portuguese and in foreign languages, thus making a good use of plurilingual communications in the world of business and enhance the knowledge which supports problem-solving and creativity. I am very grateful that OLI gave me an opportunity to work with excellent people in the export department. I was surprised to discover that my colleagues can speak at least three languages, including Portuguese, English, Spanish, French, German, Italian, and Russian, but as I mentioned above, as OLI has a very high reputation and impact on European markets, it is necessary to understand their cultural behavior and communicate with customers in their mother tongue in order to not only reduce the misunderstanding in communicating but also create trust-building relationships.

Keeping that in mind, finding out how to successfully enter a large and complex market such as Asia, Chinese language skills and culture play a necessary role for dealing with Chinese companies. And that is the objective of this internship: moving into new markets – the case of OLI Sistemas Sanitários, S.A. in Taiwan and creating OLI brand awareness for the Taiwanese market.

During my stay in the company, I looked forward to the days at the office where I could get to know Portuguese office culture and have direct contact with potential customers. Being able to speak Chinese, Taiwanese, English, Portuguese and Spanish, I have always wanted to make sure that clients get the best customer service possible and satisfaction with the products that they require. I found it is important both for my personal achievement for the company and the clients to provide positive customer experiences, and my drive to develop and achieve successful outcomes with clients has only grown stronger.

I hope at the end of the internship, OLI will be able to increase its brand awareness and recognition in the Taiwan sanitary ware market, through creating new partnerships and developing relationships through new marketing opportunities.

This report describes the process of OLI approaching a new market, in a new region – the Taiwanese market and my role in this process. It is divided into three chapters

The first chapter presents the history of OLI - Sistemas Sanitarios S.A. by taking a look at its most significant milestones, and briefly defines the export department or area, its major activities and functions. In addition, the strategies used for established markets and new markets are also discussed

The second chapter outlines my responsibilities in the company, which involved the implementation of the Taiwan sanitary ware market plans, and describes the training contents, the characterization of the market in different regions, and analysis of consumer habits.

In Chapter Three, the case study is discussed in more detail, including the preparation of OLI's entry into the Taiwan market, the procedures for the implementation of strategies, and an analysis of the challenges that OLI may face while entering this market.

Finally, the results obtained from the case study are discussed and some suggestions provided that may contribute to the improvement of the company in general.

Chapter 1 – OLI - Sistemas Sanitários, S.A.

1.1 History of OLI - Sistemas Sanitários, SA.

OLI-Sistemas Sanitários, S.A. (OLI) was founded on March 1st of 1954 in Aveiro. It started as a small family organization that over the years has gone through different areas of business (Home - Company, 2019).

In the 1980s OLI began to focus on sanitary systems, and then set up its first cistern production unit. It now focuses on developing innovative sanitary products that are not only aesthetically attractive, but also accessible and sustainable.

During the following ten years, growth was sustained and grew exponentially, which led to the integration with the Italian Silmar Group (formerly known as Fondital) in 1993. Being headquartered in Italy, this group has around 2,600 employees and reaches an annual turnover of 1 billion dollars. It is active in four sectors of activity: plumbing, drainage, heating and aluminum. This integration has the purpose of improving the water management and discharge sectors, and both hold 50-50 percent stake in this joint venture.

In 1994, OLI innovated by mass producing the dual-flush system, which today is part of most cisterns worldwide. This innovation is responsible for reducing water consumption by 50%. Since 2007, OLI has implemented Kaizen Lean Methodologies¹. This system aims to develop skills in the area of continuous improvement and transmit knowledge in theoretical and practical areas; through exercises and simulation situations. Continuous improvement has a direct link to the optimization of processes that consequently lead to increased profitability. After implementing the Kaizen methodology, productivity increased by 30%, work in progress (WIP) decreased by 30% and both final product stock and time to market (TTM) reduced by 40%.

In 2012, OLI won the Kaizen Prize with excellent results in terms of operational productivity. In the same year, OLI's Russia distribution center and factory were

¹ Kaizen Lean Methodologies aim to reduce and eliminate waste in processes and assets that do not add value to the company <https://www.cio.com/article/3408780/what-is-kaizen-a-business-strategy-focused-on-improvement.html>

established in order to cater to the growing demand in the region. This cut down on transit time to Russia and provided OLI with an opportunity to respond to market specific needs.

Moreover, OLI set up a showroom and a training center at its Aveiro headquarters. The showroom demonstrates OLI's available, and recently developed products. Meanwhile, the OLI training center aims to provide not only customers but also OLI's staff with knowledge and skills development. Training sessions can be either theoretical or practical, and include the presentation of products in the showroom, thus allowing direct contact with the products.

However, this does not occur only in these spaces nor is it intended only for national customers; training is also offered in various parts of the globe. Recently, training has been delivered in Australia, New Zealand, Colombia, Chile, Israel, Palestine, Lithuania, Denmark, India and China. In 2016, OLI's Germany distribution center was also set up in order to raise operational efficiency. In 2017, a mold manufacturer was founded to increase the level of automation and structures the manufacturing processes more efficiently; this is located in OLI's Aveiro headquarters.

Throughout its history of 60 plus years (Figure 1), OLI has received many distinctions and awards. This demonstrates the company's commitment to excellence and its respect for the user of its products. OLI is currently one of the Portuguese companies with the most patents in Europe. It has 47 active patents, which give OLI a competitive advantage and a benefit from preventing competitors to copy their products. To develop creative and suitable products for meeting customers' needs, OLI annually invests 2% of their revenue in Research, Development and Innovation.

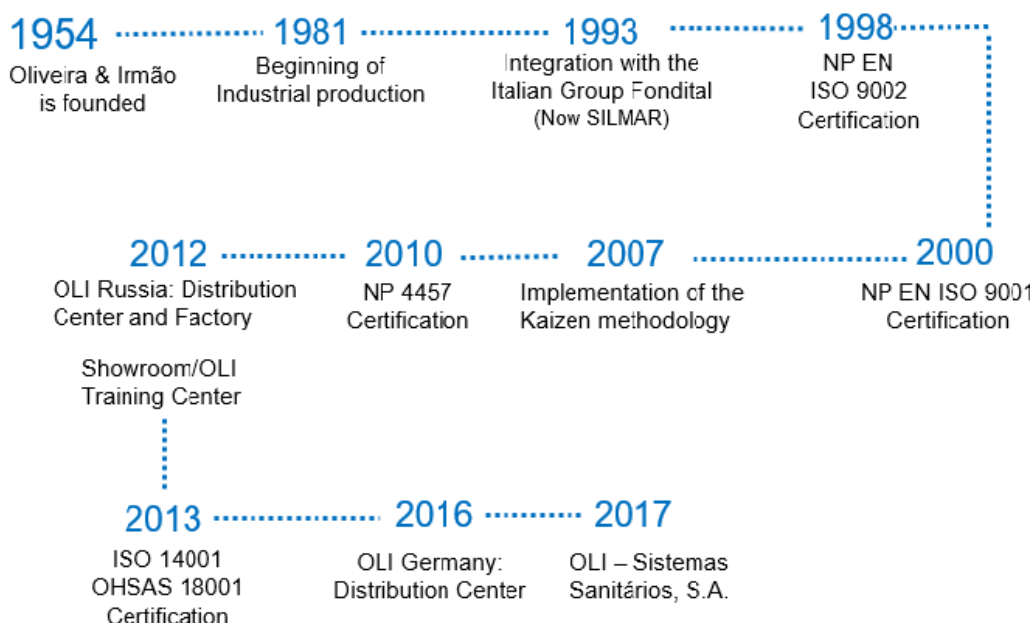


Figure 1 - OLI - 64 years of history
Source: OLI 2019 presentation from Daniel Almeida

OLI is present in more than 80 countries with 80% of its production directed at the European market, 2.7% at the American continent, 10.5% at Africa/ Middle East, and only 0.5% of its production is for Asia (Figure 2). To expose its brand and products to new consumers, OLI participates in fairs as an effective way of letting more potential buyers across the world know OLI as possible future customers, and then OLI visits potential customers personally to have direct interaction. To enter new markets, OLI adopts a global strategy (Bartlett & Ghoshal, 1989), with a view to competing in markets in the world with standardized products, services and solutions with a little adjustment if necessary. This strategy enables OLI to count on low-cost structures while entering new markets. For example, OLI sells the same flushing mechanisms around the world but adjusts the dimension to match local toilet sizes.



America – **2.7%**

Africa / Middle East – **10.5%**

Oceania / Asia – **0.5%**

*Figure 2 - International Market
Source: OLI 2019 presentation from Daniel Almeida*

1.2. Organizational Structure of the Export Department

OLI's departments are organized according to their functional duties such as: human resources, marketing, communication, research and development (R&D), purchasing, and export etc., which allows the missions to be executed effectively. In terms of the export department, there are a total of twenty employees to support customers' requests and services, and each employee has their specialized responsibility to perform.

In general, the export department is divided into several branches according to the customers' regions. Commercial sales managers usually travel abroad in order to build strong relationships with existing customers, connect with potential buyers and identify demand needs.

There are back-office teams that support managers whose responsibilities are to help place orders, arrange the shipment to customers, and organize the data. In addition, there is an original equipment manufacturer (OEM) team in the export department, which covers orders for ceramic manufacturers and distributors, as they require specific work.

The duties are well distributed within the organization. It gives all personnel the opportunity to contribute with their talents and services to the achievement of the goals of the organization (Figure 3).



Figure 3 - Organization in OLI export department

Chapter 2 – My responsibilities in the export department

The internship assignment that I was offered by OLI Sistemas Sanitarios S.A. was the position of intern in the export department. My main duty was to collaborate with my manager Daniel Almeida, who has experience in international trade with various countries, to explore potential business collaboration opportunities and create brand awareness especially in the Asian market and namely in Taiwan and China.

The focus of this internship was to involve me in the functioning of the export department, with the aim of understanding: how OLI moves into new markets, what challenges they face, and how important languages and cultural competence are in this process. It was also important to understand what brands value when they approach OLI, and to perceive the different customer segments in different geographies. In my internship the Taiwanese market segment was highlighted, given my nationality and language skills.

In my role in the export department, it was possible to travel to Taiwan with my manager in order to gain a deeper understanding of this market. In advance of this trip, some research analysis, practical preparations and responsibilities for the trip were carried out, such as: analyzing potential leads that might be interested in OLI; sending marketing emails to Taiwanese companies introducing OLI in order to enable me to create and gather a collection of potential leads; getting in touch more personally by phone to qualify the leads and trying to understand which types of OLI products they might be interested in; and, finally, arranging meetings to introduce OLI face to face to discuss conditions and pre-deals

Below, I list the responsibilities and detailed description of the job that I was required to do during my five months internship, which lasted from 21st January to 20th June and attach my internship plan (Figure 4).

2.1. Understanding the function and use of OLI products

The purpose of this training was to know the OLI organization (production and subsidiaries), to know the range of products marketed by OLI, and to understand the different types of products within the different ranges. OLI has partners from abroad and

cooperates with them on a regular basis, such as Kohler², TOTO³, Corona⁴, and ALLIA⁵. In OLI, 80% of the company's total revenue comes from overseas sales, and these sales are mainly from the European market, which might hold a significant amount of risk. Therefore, it was considered necessary to target its growth in other overseas areas, such as the Asian and American markets by presenting various products to help in meeting different needs.

OLI's product range covers mechanisms, inner cisterns, exposed flush cisterns, sanitary modules, flush plates and concealed cisterns. To sustain the environment, OLI designs PLUS technology, which means that the inlet valve only starts filling the tank once the outlet valve is closed. This can avoid any waste of water. It is estimated it could save up to 9 liters per day in a family of 4. Inner cisterns or twin projects are the solution for customers who live in countries/regions with a high difference in temperature between day and night, for example Norway and Denmark. Sanitary modules are the solution for customers who do not want to break the walls but want to install modern toilets in their houses. It is a solution that has been growing rapidly and is an optimal solution for old houses and apartments. The Happy Air product aims at provide a cleaner atmosphere in the user's bathroom. With a direct pipe connecting to a toilet, this system can reduce 70% of the odors from toilets and ambient. It can also remove 30% of the condensation in the air.

There are three types of styles in terms of exposed flush cisterns, which are close-coupled, medium-low position and high-position. Usually, Asians would prefer to have high position exposed flush cisterns for squat toilets in public spaces. In Asia, many people still prefer the squatting position when going to a public bathroom to sitting on the top of toilets. The EasyMove product has been developed for people with limited mobility. The basic concept is that it allows the user to modify the toilet's height through a remote command, helping the user to pass from the wheelchair to the toilet. And it is also suitable for family use, where children can easily adjust the toilet to the height required.

OLI also carries a range of control plates to ensure they have the right solution for every project. Their control plates have different activations, namely: mechanical, pneumatic, electric, no-touch. Moreover, these are available in multiple finishes and colors. OLI is able to come up with ideas and create various solutions to problems because of its

² American ceramic sanitary company <https://www.kohler.co.in/>

³ Japanese ceramic sanitary company <https://www.toto.com/>

⁴ Colombia ceramic sanitary company <https://margas.com/project/corona-en/>

⁵ United Kingdom ceramic sanitary company <https://www.archiexpo.com/prod/allia-53.html>

investment in research and development, which corresponds to 2.6% of its annual turnover. They also work in partnership with universities such as the University of Aveiro, the University of Coimbra and the University of Minho and other institutions to facilitate the design of inspiring, forward thinking and innovative technologies.

2.2. Understanding Customer Relationship Management software systems

With the growth of customers and the development of enterprises, businesses should not just rely on the traditional manual management model. The need to send samples to customers is increasingly common in the export market, and the sending of these samples is often complex and difficult to manage both on the planning and the expedition side. This makes it necessary to find a new method for organizing data that promotes efficient storage. In the customer relationship management (CRM) system, the relationship with new activities for clients is established and new opportunities are well-organized. These actions are supported by the commercial guidelines: price /quotation, products, service, marketing plan.

Enterprises need a CRM to build customer profiles and record all customer data including contacts, buying history, tracking and measuring campaigns, as well as forecasting. CRM software can integrate resources according to the needs of business or market changes. These algorithms allow the company to explore the relevant attributes, and further to optimize business processes to satisfy objectives.

In OLI, the CRM system used to manage their current and prospective customers is IFS software. This software provides an advanced functionality for the industry, within a package that contains finance, capital management and customer relationship management, an intuitive and visual experience through the IFS, proactive quality management and continuous innovation through regular updates.

IFS software combines leading technology with broad understanding and experience in the industry to address trend and optimize its operations, and an exceptional digital experience to engage everyone inside and outside the organization.

2.3. Analyzing buying patterns in different regions (price/ quality/ quantity)

The concept of market segmentation was proposed by Smith (1956). He divided the market into different customer groups according to their requirements and unique characteristics (Smith, 1956). Consumers in different geographical environments often have different needs and preferences for the same type of products. Thus, offering various types of products with distinguishing features and applying marketing combination strategies are absolutely necessary in order to satisfy different customers with their different needs. According to Kotler (2002), a market segment consists of a large identifiable group within a market, its purchasing power, geographical location, buying attitudes, or buying habits. Segment marketing allows a firm to create a more fine-tuned product or service, offering and pricing it appropriately for the target audience (Kotler, 2002).

For example, European markets use water tanks that can control water and water pressure. However, in North America, they only have direct connection to the power water grid, so they can not control the water pressure, and since their walls are made by wood, concealed cisterns sell less to North America. On the other hand, concealed cisterns sell more to the European market due to the fact that most of the walls are made of plaster and they also look fancy and modern. In the Asian market, more than 80% still use traditional floor-standing toilets, and up to 95% in the Taiwan market. With a high percentage of usage of free- standing sanitary blocks in the Taiwan market, OLI needs to find the way to deliver the message regarding the benefits of concealed cisterns in order to process promotion and sales.

2.4. Exploring new markets in Asia, particularly the Chinese and Taiwan markets

Among developed countries in the Asian market, the bathroom industry has been booming over the last couple of years with the change of living standards and the nature of consumption. The emergence of functional products, such as ceramic bathroom wares and smart toilets, was also the driver of the growth of overall production and sales. In the competitive sanitary market, only continuous innovation can ensure companies maintain and enhance their advantages.

OLI - Sistemas Sanitarios SA, known for its innovation and technology focused on the sanitary industry, is currently trying to enter the Asian market with its products and to win customer trust. OLI is present in more than 70 countries worldwide and 80% of its production is directed towards European markets. Only 0.5% of its production is destined for the Asian market. Compared to European market, more detailed planning is needed when entering the Asian market due to the differences of cultures and languages. It is not possible to have a one-size-fits-all approach in the Asian market, so choosing the right marketing strategy for a specific segment is especially important. As a Chinese native speaker, my main task was to find potential customers in Taiwan with my manager Daniel Almeida.

2.5. Identifying problems that the company can improve

At the end of the internship period, gaps were to be identified to determine what efforts can be made to increase the awareness of OLI's brand in terms of the Asian market, namely China and Taiwan. Some suggestions based on my personal experiences would be shared through a final report that combined my internship assignments and knowledge of languages and business relations.

		2019				
		1	2	3	4	5
Activities	Introduction to OLI					
	Brief description of export department history					
	Understand back office systems (Customer Relationship Management software systems), products and processes					
	Data analysis and observation strategies -Analyze the results of recent innovation strategies -Analyze how marketing strategies are being implemented					
	- Gathering interested Taiwanese companies that might be interested in OLI products - Sending marketing emails to Taiwanese companies - Approaching by getting in touch personally by phone - Arranging a meeting with interested Taiwanese companies, introducing OLI face to face - Discussing conditions and pre-deals					
	Critical analysis and suggestions					
	Professional and personal experience:					
	Start drafting final version of the Internship report					

Figure 4 - My internship plan

Chapter 3 – Case Study: Approaching new markets – the Taiwan Market

The total population in Taiwan is approximately 23 million with the dimension of 36,193 km². In the Asian market, Taiwan is usually considered as a springboard to enter the Chinese market. For example, according to Cifnews (2013), the Taiwan market is regarded by many Japanese companies as a bridge to enter the Chinese market due to historical and language reasons. Taiwanese have the advantage of understanding Chinese culture better than the Japanese in China.

With globalization rising around the world, companies have more and more contact with each other, and the Chinese market, with a population of 1.4 billion is becoming increasingly important for international companies. However there are cultural traps that need to be overcome when entering the Asian market. The first concern that comes to our mind is the Chinese cultural difference in terms of doing business. This is because Chinese culture influences every aspect of Asian society and every aspect of business culture. For example, in Asian sales, there is always a person in charge whose origin is from China.

Obviously, there is a culture barrier, which OLI can try to deal with successfully, but in terms of languages, it is more difficult. Therefore as a Chinese native speaker, my tasks were to find local ceramic manufacturers who might be interested in buying OLI mechanism products, to investigate what the distribution channels are, and what types of products they require and buy from our global competitors such as R&T⁶.

Moreover, it was important to look for architects and construction companies, because some of OLI's business involves constructions and building projects directly. I also had initial conversations with distributors and ceramic sanitary ware companies which would be the sources for prices and volume of the markets, and information about whether the Taiwanese are now using more concealed cisterns or are still using traditional cisterns.

In addition, it was my objective to try to see what local barriers exist, like for example, what certifications are required to enter Taiwan markets.

⁶ R&T is a leading sanitary company in China <http://www.rtplumbing.com/>

Once all the tasks had been completed, at the end of the internship, I would have resources to understand who the global and local competitors are, and the product range of sanitary ware which exists on the Taiwan market. As soon as the data was collected, I would be able to characterize the Taiwan market, and figure out the type of products that OLI could try to introduce into this market. In the following sections I will outline my findings.

3.1. Geographical study – Country definition (Taiwan)

Ceramics has always been an important craft and consumption product in Taiwan. The development of the ceramic sanitary industry reached its peak in 1994, with an annual turnover over NT\$10 billion. This achievement was due to efforts in cooperative distribution, market diversification and improving competitiveness (Lu, 2007).

In Taiwan, the development of the ceramic sanitary ware industry can be separated into three stages (Lin , 2009).

The first stage was from 1986 to 1994, which can be identified as the growth period of the industry. In the 1980s, due to the rapid development of ceramic production technologies in Taiwan, the equipment of mass production and automation became more advanced. The development was greatly improved in terms of quality and output.

The second stage was from 1995 to 1999, which has been Taiwan's best economic period ever. Taiwan was able to raise considerable funds and accumulate technologies in the ceramic sanitary ware industry. In 1994, the production of ceramic tiles was ranked fifth in the world (after China, Italy, Spain and Brazil). However, by the late 1990s, the market went into decline due to the rise of trade barriers across the globe, the growing demand regarding domestic wages and high peer competitiveness. Companies which could not afford the rising costs chose to shut down their businesses or moved their factories to China or Southeast Asia in order to get cheaper labor and materials.

The third stage was from 1999 to the present. Since Taiwan participated in the WTO in 2002, import tariffs on foreign goods have been lowered. Foreign brands were introduced by agencies or distributors and began to infiltrate into the Taiwan sanitary ware market. And the numbers of foreign competitors counted over a hundred.

Besides, cheap labor and sites from China have attracted much attention for the ceramic sanitary ware business compared to the high cost in manufacturing products in

Taiwan. Research by Ching & Chen in 1991 found that there were 102 companies in the ceramic sanitary industry; however, in 2004, there were only 26 companies left. As for the ceramic building industry, there were 128 companies in 1991; however, in 2004 there were only 84 companies left. Many manufacturers are thought to have moved out of Taiwan to China (Ching & Chen, 2008).

Under pressure from strong international brands and low-price products imported from China and Southeast Asia, Taiwanese sanitary ware enterprises must be aware of market changes to maintain their businesses, and to develop their sales growth further.

The main problems that Taiwanese ceramic sanitary ware enterprises need to face are: the shrinking market in the ceramic sanitary ware industry, the strong invasion from foreign brands - on the one hand, the occupation of the Taiwanese market share of luxury sanitary ware goods by European brands; and, on the other hand, the domination of the market share of low-priced sanitary ware goods by Chinese companies, post 2005, and changes in the consumption structure as environmental awareness has been rising, and more and more customers prefer to buy products designed to save water, and as products diversify more in order to cater to customers' needs.

3.2. Market Study

After the peak of the sanitary ware market in Taiwan in 1994, the demand for sanitary ware products has declined, and the reasons behind it were the decline in the construction of new houses, and the reduction in people buying new houses due to high prices (Lu, 2007). Even though the real estate market recovered, the ceramic sanitary ware industry has found it hard to regain the market situation that it had before due to the global economy having been changed by technology.

For example, in 2002, foreign brands had the opportunity to enter the market of high-price products due to the fact that Taiwan participated in the WTO. In 2005, competition in domestic sanitary ware products was fiercer, as the government opened the Taiwan market to Chinese low-price sanitary products. Due to the high cost involved in developing sanitary ware products in Taiwan, ceramic sanitary ware constructions which were based in Taiwan have been moved to China, leaving retailers and dealers to dominate the Taiwan market. At the same time, the percentage of people consuming luxury goods, and the percentage of people consuming low grade products are rising, and the middle is shrinking (Xu & Yang, 2009).

Customers characterized in the high-priced market segment look for high quality, good features and wonderful after sale services, and barely care about the price. On the other hand, customers characterized in the low-priced segment try to buy products as cheaply as they can. Therefore, it is important that companies develop a product positioning strategy for each target segment, and in order to influence how their products are perceived and positioned in the market.

In an article published in Searchhome magazine, Chen pointed out that, among five forces (service, eco-friendliness, creativity, design and technology), the technological power is the priority for consumers when purchasing sanitary ware products. It can be observed that customers' demand for saving energy and high efficiency have increased as time goes by. It is also worth mentioning that in 2011, design power was the highest-ranking factor. Thus, we can argue that as the quality of life of citizens has been improved, they have become more willing to purchase a product or service to support a cause they believe in. As a result, functionality and aesthetics are indispensable in the development of sanitary ware products (Chen, 2012).

And so these might be the markets that OLI can try to fill, as it is specialized in producing a great variety of high quality and diversified products such as OLI saving water PLUS technologies and control plates.

3.3. Financial, Political and Social Environment

Abnormal global climate conditions result in a lack of natural resources, which also indirectly affects the overall environmental economics. In this context there is a need for household goods designed to face the changes in the environment and for governments and enterprises to find solutions.

In 2012, the Executive Yuan, Republic of China (Taiwan) published a maintenance and promotion plan for traditional industries in order to improve the industrial structure, and to re-create the competitiveness of traditional industries. The evolution and role of this sector in the changing business environment should orientate its focus toward a value, safety and sustainability vision. The Ministry proposed 12 traditional industries, and "safety and smart sanitary ware equipment" was one of them (A maintenance and promotion plan for traditional industries, 2012).

According to the plan, strategies should be directed towards the development of water and energy saving systems for sanitary ware products, assistance in the maintenance and transformation for hardware production industries, the reinforcement of international marketing strategies and sales channels, and an increase in job opportunities.

Some sanitary ware enterprises happen to hold the same view as the government's vision and focus on the development of green energy technologies

According to the government's Water Resources Agency, the amount of toilet water was the highest among residential water use. So, improper use of water equipment can be the cause for waste of water resources. Since environmental awareness about waste management systems has been increasing, many enterprises have been constantly improving their technology, research and development in saving water products.

Moreover, in 1998, the Executive Yuan, Republic of China (Taiwan) announced urban renewal regulations which aim to integrate old buildings into new urban landscapes in order to improve living conditions for residents. Relevant methods were successively formulated to support this (Urban renewal law and policy plan, 2011). According to the data provided by the Department of Statistics of the Ministry of the Interior, in 2017, there were around 1.8 million houses over 40 years old, and around 4.4 million houses between 20-40 years old (Ministry of the Interior, 2017). Therefore, we can argue that if the regulations are fully undertaken, an output value will be incalculable.

3.4. Competition (Local & Overseas)

Sanitary ware and bath equipment are indispensable industries in Taiwan. In the late 1990s, Taiwan faced an economic recession which caused many sanitary ware manufacturers to withdraw from the Taiwan market and to close their businesses. Others survived due to strategic change in their business focus.

Until now, the most famous and biggest sanitary ware brands in Taiwan are Caesar, HCG, TOTO and INAX. The first two are Taiwanese-based companies, and the latter two are Japanese-based companies

TOTO and INAX are both well-known Japanese sanitary ware brands. Their toilets usually cost at least 3500€, which is quite different from the prices of domestic toilets. Even so, customers are still willing to buy their products due to their distinguished design.

As for HCG and Caesar, they manage to hold their portions of the sanitary ware market due to their affordable luxury goods.

Although the market share of HCG is high, the customer return rate coming from the middle class is shrinking. In order to consolidate its market share, HCG also targets the market that has high consumption power. For example, they launched electric toilet seats for the white-collar class in the 25 to 35 age group and tried to enter the market with boutique products.

As for Caesar, the company was established in 1988 and mainly operates the businesses of toilets, water tanks and others porcelain sanitary ware products. To face global trade transformation, they moved their production line to Vietnam, and sell their products back to Taiwan. Currently, Caesar ranks in third place, following HCG and TOTO in the Taiwanese sanitary ware industry. And in Vietnam, they rank second, following INAX.

However, these enterprises do not produce the same goods as OLI. Their main products are sanitary ceramic/ clay goods. To sell their ceramic toilets, they must purchase mechanisms to compose the components. And in fact, one of these companies – TOTO has been partnered with OLI for several years but only for the American Continent market.

To conclude, there are no local competitors in the Taiwanese market with the skills OLI has and that is the advantage that OLI could grasp. Selling the OLI brand as a Portuguese brand, and also as a European brand, may also be beneficial when entering the Taiwan market.

To understand who the global competitors in the Taiwan market are, we implemented two approaches. The first was to participate in ISH⁷, an excellent opportunity for OLI to get to know the audience or prospective clients face to face, but also the perfect chance to understand the trends for the sanitary industry and learn about the latest technologies used. The second approach was to enter the Taiwan market and introduce the OLI brand in person, which I will elaborate on later.

Before ISH started, I first did some market research for potential Taiwanese customers that might be interested in our products and in meeting us at the fair. The types

⁷ ISH is the world's leading trade fair for bathrooms, buildings, energy, air-conditioning technology and renewable energies. <https://ish.messefrankfurt.com/frankfurt/en.html>

of potential customers that I looked for included ceramic manufacturers, distributors, architects, construction companies and interior design companies.

To look for potential clients in an effective way, I used keywords, including flushing mechanism, sanitary ware, building material, in-wall cisterns, exposed tanks, concealed cisterns, bathrooms and wall hung toilets. At the end, I had approximately one hundred companies on the list. As soon as the contacts were collected, I made contact by sending them a marketing email⁸. The marketing email was presented by my manager – Daniel Almeida, and I translated it into Chinese for Taiwanese customers. To enter the Asian market, we realized that it was important to translate the language not only to overcome the language barrier, but also to gain the potential customers' trust.

To increase the response rate for a marketing email, it should include three communicative purposes: to capture the attention, to be clear and to offer an appraisal of the product or services. Even so, the response rate is usually around 3%.

Following my market research, four companies answered my email: two distributors, one a ceramics manufacturer and one the manufacturer of soap dispensers. One of the distributors and the manufacturer of soap dispensers would like to have meetings with us during ISH.

During the meetings in ISH, we realized that the distributor (KaoFeng Enterprise Co., Ltd.) had actually worked with us for several years before they shifted to purchase from other companies. The reason they altered was because the prices that OLI provided were not as competitive as others. However, they were very impressed with the technological improvement that OLI has achieved and would like to get in touch with us for further details. As for the manufacturer of soap dispensers (FlushTech), they might not be interested due to the products needed being too different.

During the ISH exhibition, we were able to identify OLI's global competitors, for example, R&T. This company was founded in 1999 in Xiamen, China, and they also develop and manufacture concealed cisterns, wall-hung tanks, mechanisms and control plates that are similar to the OLI domain. R&T acquires their raw materials from Polyplastics located in Taiwan to sustain their supply. Their downstream buyers include JOMOO⁹, HUIDA¹⁰, Arrow¹¹, HCG, among others.

⁸ Annex 1

⁹ Chinese ceramic sanitary company <http://www.jomoogroup.com/>

¹⁰ Chinese ceramic sanitary company <http://eng.huidagroup.com/>

¹¹ Chinese ceramic sanitary company <https://www.arrowsanitary.com.cn/>

As mentioned above, HCG is one of the biggest ceramic sanitary ware companies in Taiwan, along with Caesar and Alex¹². And we learnt that HCG requires mechanisms from R&T.

According to R&T's investor relations report, their revenue shares are as follows: 62.91% of flushing mechanisms; 23.40% of toilet seats; 5.38% of wall-hung water tanks; 4% of concealed cisterns, and 4.18% of others (Investor Relations, 2019). We can argue that even the sales volume of concealed cisterns products of a company as big as R&T in the Asian market has still a lot to improve on.

Compared to the European market, the acceptance of concealed cisterns is still not wide-ranging in the Asian market even though concealed cisterns have existed for more than 40 years. There are some reasons for people not being willing to install these types of products. For example, people question whether toilets hung on the wall are reliable, whether the water tanks and pipes all buried in the wall are safe and what happens if there is a leak or broken pieces.

Answering these fears and barriers is the big challenge that most companies specializing in concealed cisterns such as OLI need to overcome.

Besides R&T, there are other companies we also recognized as OLI's global competitors during the ISH exhibition, such as: Geberit, WDI, LAB, Kardier, and Xinnin. One thing worth mentioning here is that except for Geberit (Swiss sanitary company) these companies are all located in the same region, Ximen in China. It might not seem common in Europe that many similar companies are located so near to each other, but it is not the same in China where we notice that many identical companies have clustered together. The resources are usually gathered for easy navigating

The sanitary ware industry is a fierce one, with several competitors out there striving for the sales. To catch the attention of publics that have no idea who OLI are, it is important to introduce concepts of water-saving technologies that are extremely relevant to understanding the performance achievement presented by OLI.

¹² Taiwanese ceramic sanitary company <http://www.alex.com.tw/>

3.5. Import Duties Requirements

Tariffs are taxes governments charge their citizens and firms when they want to purchase certain products internationally.

Foreign purchases being imported into Taiwan are subject to customs payments in accordance with the Taiwan tax law. The Bureau of Customs is a unit under the Ministry of Finance, which is responsible for tariff collection, smuggling investigations, trade statistics, and accepting commissions from other agencies to collect taxes and fees.

According to the "Importation Tax Exemption for Postage Items" and the "Value Added and Non-Value Added Business Tax Law", since January 1, 2018, tariffs are exempted on imports of less than NT\$2,000 taxable value.

If the amount exceeds NT\$2,000, customs will levy import duties and business tax in accordance with the law.

The taxable value is calculated on the basis of the transaction price of goods and includes freight and related expenses, as well as insurance.

In Taiwan, the total amount of tariffs for sanitary goods will be charged as follows:

A Taxable Value (CIF) = the purchase of the commodity + international shipping price + insurance

B Import tax = Taxable Value * Commodity tax rate

(The tax rate varies in accordance with commodities, and it charges 7% for sanitary ware goods.)

C Business tax = (Taxable Value + Import tax) * Business tax rate

(Business tax rate is fixed, and charges 5%)

D Total amount of tariffs for sanitary goods = Import tax + Business tax

3.6. Local Certifications Required

To enter a market abroad, OLI should prepare the documents needed to obtain the required permits. When entering the Taiwan market, it is necessary to have a BSMI certificate (Figure 5) – a certification required by the *Bureau of Standards, Metrology and Inspection* (M.O.E.A.) for electrical products. And for non-electrical products, it is suggested a BSMI certificate be acquired to ensure the safety of consumers against

unsafe and defective products across the market. Besides, it also represents indirectly the credibility of the manufacturers. To apply for this, the manufacturer must provide the origin of parts, a certification of inspection and products for government testing (Proposal for amendment to the legal inspection regulation for Electric Storage Tank Water Heaters, 2014).



Figure 5 - BSMI
Source: Bureau of Standards, Metrology and Inspection

Besides BSMI, it has been illegal since 2017 for sellers to sell sanitary products without a water efficiency label (Figures 6 & 7). The fine for non-compliance is up to 5,700 euros. The purpose is to emphasize the reuse of water resources to increase water efficiency. The certificates are valid for 3 years, and they should be solicited from the Water Resources Agency (Water Conservation Policy, 2014).



Figure 7 - Water efficiency label
Source: Water Resources Agency



Figure 6 - Water efficiency label
Source: Water Resources Agency

It is also worth mentioning that the label is only mandatory for the certain categories (Figure 8): washing machines, single flushing water closets and dual flushing water closets. This means that OLI products, namely concealed cisterns and mechanisms, are exempted, but if companies are toilet manufacturers, they have to apply for the water efficiency label, and test items include the water tank parts. In this case, the test is done either by toilet manufacturers or manufacturers that provide the water tank parts.



Besides the above-mentioned points, there are two voluntary labels which are also recommended for companies to acquire - the Green Mark (Figure 9) and the nanoMark (Figure 10). The Green Mark is administrated by the Environmental Protection Administration of R.O.C (Taiwan). It was launched in 1992 to encourage companies to manufacture products that have less impact on the environment, reduce waste and promote recycling. In the long term, the promotion of Green Mark products aims to promote green consumerism among consumers to select recyclable, low-polluting, resource-saving products. Attainment of the Green Mark can certainly increase companies' social responsibility and allow consumers to express their social preferences through consumption (About Green Mark, n.d.)



Figure 9 - the green mark

Source: Environmental Protection Administrations

The nanoMark was founded by the Industry Development Bureau, Ministry of Economic Affairs in 2003. It is the first nano-product certification system in the world. Its purpose is to protect consumer rights and interests, encourage sustainable development for outstanding companies and enhance the international competitiveness of the nano technology industry. After 16 years of operation, the nanoMark has built a healthy environment for developing the nanotechnology industry by linking the efforts of government, industry and consumers (Origin of nanoMark, 2003).



Figure 10 – nanoMark

Source: Industry Development Bureau, Ministry of Economic Affairs

3.7. Approaching Potential Leads (through sales channels)

As soon as the market was analyzed, and marketing email was sent to potential leads. The next was to approach these leads through a phone call. During the phone call process, I introduced the company, briefly shared its history, vision and mission. Among our list of one hundred Taiwanese companies, there were thirty-one companies that were interested in, and would like to look at OLI's e-catalogue.

OLI had an exhibition in Shanghai, China, Kitchen & Bath Show from 27th to 30th of May, and Daniel Almeida, my manager, considered it would be a good opportunity to arrange meetings with these Taiwanese sanitary ware leads (from 22th to 24th).

Before we planned the meetings, we had analyzed what use OLI could be to them. In this case, OLI should try to answer questions like: are there gaps in this marketplace that OLI can fill (and do better than OLI's competitors)? What value can OLI deliver to this market, and how much are they willing to pay for the products?

Among the thirty-one contacts, there were mainly ceramic manufacturers and distributors. Once we identified the types of companies, we were able to realize the products they might be interested in.

For example, if they were ceramic manufacturers, they would probably ask for flushing mechanisms that would go into their ceramic kits. Through the distributors, we should collect two sales channels: ones that have showrooms and ones that work directly with projects. For those having showrooms or exhibitions, they might look for products such as exposed tanks, in-wall cisterns and flush plates for their end customers. However, for those working directly with projects, they probably seek in-wall cisterns and flush plates.

When the information was gathered, there were six companies, including the one (KaoFeng) that Daniel Almeida met in ISH, who were interested in having a meeting with us. On the list, there were 2 ceramic manufacturers, and 4 distributors.

3.7.1. Approaching Potential Leads - Day One 22/05/2019 Taipei

There were two meetings scheduled in Taipei city on the first day of our business trip. Taipei is the capital of Taiwan with a population of over 3 million. Taipei is considered to be a global city, where we believe people's acceptance of concealed cisterns may be higher, and more new projects and buildings would be willing to install this equipment.

We had our first meeting on 22/05/2019 10:00 with **Itai. Co., Ltd.**¹³

Itai was established in 1977, and it manufactures shower enclosures. It has offices across 7 cities in Taiwan, and it is one of the leading companies to offer sanitary ware in Taiwan's domestic & international markets.

¹³ <https://www.itai.com.tw/>

After we gave a brief introduction to Itai and presented our product range¹⁴, the feedback they gave to us was that they found our Easy Move product very interesting and may be a potential sell for countries with an aging population, such as Taiwan. We will keep them updated regarding Easy Move products and show them how to operate it during the Kitchen & Bath Show in China.

The second meeting we had was on 22/05/2019 14:30 with **YPN**.¹⁵

Sadly, the person who we had arranged to meet did not show up. We left our catalogue for their reference, and we will keep tracking any possible development for our cooperation. As the person did not appear according to our scheduled appointment, it gave us more time to visit some showrooms in Taipei. We visited 2 showrooms.

Our third meeting was on 22/05/2019 at 15:30 with **Regent**.¹⁶

The person in the office told us Regent is the retailer, and he gave us their upstream distributor's contact. Furthermore, he told us the chance to win deals would be higher if OLI prices were competitive. As far as he understood the upstream distributors buy water tank parts and toilets separately because they work differently with ceramic manufacturers and mechanism manufacturers. This information was very valuable, and we will keep track of the contact.

In their showroom, we noticed that besides traditional toilets, they also have concealed cisterns. Even though the qualities of the concealed cisterns were not many, we believe it is the trend that more and more people are accepting

We held our fourth meeting on 22/05/2019 at 16:30 with **Shangyou**.¹⁷

After briefly introducing OLI and our product range¹⁸, the feedback they gave us was that they found our QR-INOX products (Figure 11) very interesting. They told us they only work with end customers rather than projects, therefore the quantities they need for now are few.

There were a few concerns they had regarding QR products. Their first concern was whether OR products contained glass materials, because in Taiwan, imported duty for glass is very high due to the fact that the Taiwanese government wants to protect local enterprises. During the meeting, we assured them that OLI's QR products do not belong

¹⁴ Annex 2

¹⁵ <https://www.ypnypn.com/toilet-cate01.html#/home>.

¹⁶ <https://www.regent101.com/tw/>

¹⁷ <http://vip.arch-world.com.tw/1790.html>

¹⁸ Annex 2

to glass categories, and they can leave this fear behind. Their second concern was after sales service. Taiwan's weather is very humid; therefore, products are easily damaged due to that weather condition.

Once customers buy products, they are concerned about what warranties they have. We ensure that our products are tested in our laboratory with 200,000 cycles before entering markets and are given a 10-year warranty.

Another matter that is also worth mentioning is that they prefer to buy products made in

Europe instead of China. For example, one of famous German sanitary company – Gebrit has a factory in China, but they are not really satisfied with the quality. They feel they could not control quality, after they opened a production line in China. We will keep them updated regarding QR products.



Figure 11 - QR-INOX
Source: OLI catalogue website 2019

3.7.2. Approaching Potential Leads - Day Two 23/05/2019 Taichung

The second day for our business trip was in Taichung, located on the western side of central Taiwan. Although it is considered the third capital city, it has a population of over 2 million.

The first meeting we had was on 23/05/2019 at 10:00 with **Jinzhengyi**.¹⁹

The meeting was very productive. The manager told us he was an agent of Allia – a sanitary ceramic product manufacturer; therefore, he understood that ceramic products and mechanisms are produced by different companies. When he imported ceramic toilets from Allia, it was actually Allia that suggested companies he could buy flushing mechanisms from. During the meeting, he wondered whether OLI's flushing mechanisms could fit all ceramic toilets. We assured them that OLI's flushing mechanisms are adjustable in order to fit all products. The reason is that OLI does not work with ceramic companies; therefore OLI must work with all toilets. The manager also wondered whether the hotels demonstrated in the catalogue adopted the name of the OLI brand. The answer is positive, and at the moment, what OLI is trying to work is to raise awareness of the OLI brand. In terms of OLI brand sales, they only started 5 years ago. The quality of OLI products is good without a doubt, but few people are aware of them, and OLI is not being recognized as a brand. OLI considers that being involved in projects is a good approach to advertising their brand, especially when it comes to entering new markets.

The manager not only has the showroom for his end customers, but also works with projects. He is also aware that the Taiwan (Asian) market is still at a traditional stage in term of the sanitary industry at this moment, but he notices there are more and more new projects/ hotels requiring concealed cisterns for their bathrooms.

To better understand whether OLI prices are competitive in the Taiwan market or not, we compared our product (EXPERT product) to one sold by another company. The result was that we paid approximately 70€ with control plate (pneumatic) included, while OLI sells their product for 66€. Although it may not seem much in terms of price differences, OLI also provides a 10-year warranty.

Besides OLI also supports its new partners. What OLI usually does for its new partners is to go together to local sites to present solutions/products. This way the architects and designers see the local distributors can offer them products, and they have

¹⁹ <https://www.ccy1976.com.tw/about-ccy1976.html>

support from the manufacturers. This makes it easier for them to prescribe the products. The manager of Jinzhengyi was very interested in our products; he also considered the solutions that we offered are the best so far. He will read our catalogue carefully; in return, we will send some samples for his appreciation of our products.

Our second meeting was held on 23/05/2019 at 13:00 with **LEAD UNIQUE Co., Ltd.**²⁰

The manager of this company is trying to change this business, transforming it to e-commerce. He considers nowadays that more and more people go to the internet to buy products rather than going to physical stores, and the internet is an approach especially suitable for people living on the east side of Taiwan because they are restricted to their geographical location.

What OLI can offer is to send some samples for him to put online and promote the products. We would also suggest he has the online information he needs to communicate. We believe that this way it will be a good start to help LEAD UNIQUE return strongly to the market.

The third meeting was on 23/05/2019 at 15:30 with **Sheng Tai Brassware Corporation.**²¹

Sheng Tai Brassware Corporation (ST) was established in 1976, being located in Changhua City known as the hometown of the faucet. This corporation specializes in R&D and the manufacture of copper products for bathrooms and buildings. At the beginning they focused on manufacturing of OEM, and a few years ago they developed their own brand - JUSTIME.

We also considered this meeting to have been very productive. They have their own factory for their manufacture and have experience in selling concealed cisterns. When we introduced our 12cm thick water tanks, they immediately told us they were too big for their customers. They preferred to have the water tanks as thin as possible, and that would be our 8cm thick water tank solutions. They also have a market for concealed cisterns which is still small but has considerable potential to grow.

To better understand whether OLI prices are competitive or not, we compared our product (OLI 74 Sanitarblock product) to the one that they bought from R&T. They paid

²⁰ <http://www.lu-bath.com/?mode=comment>

²¹ <http://www.justime.tw/>

80€ without the control plate included, and OLI sell their product at 80€ with control plate and 10 years warranty. Although it may not seem much in terms of price difference, OLI provides 10 years warranty, and its European brand

Sheng Tai Brassware Corporation has their own private brand (Justime), so they are looking for OEM. For a private label, OLI have specific control plates available in mechanic or pneumatic action. We will keep them updated regarding OEM manufacturing.

3.7.3. Approaching Potential Leads - Day Three 24/05/2019 Kaohusing

The third day for our business trip was in Kaohusing, located on the southern side of Taiwan. It is considered Taiwan's second capital city and has a population of approximately 3 million.

The first meeting we had was on 24/05/2019 at 10:00 with **KaoFeng Enterprise Co., Ltd.**²²

KaoFeng Enterprise Co., Ltd., located in Kaohusing City, was established in 1976. This company introduced a series of leading European and American brands of sanitary equipment, and provide high-quality and diversified solutions for citizens.

We met them during the ISH, and the meeting went very well. Actually they bought some pieces from OLI's original name (Oliveira & Irmão SA). The reason they shifted to buy from other companies was that the prices that Oliveira & Irmão SA offered were not competitive anymore. However, during the meeting in ISH, they were impressed with how our company had improved, and may consider cooperating with us.

In the KaoFeng Enterprise showroom, there are 3 floors displaying sanitary products. They provide products to end customers as well as for projects. As soon as we sat down for the meeting, they told us there was a project going on, but there was a problem finding the right solution. After the discussion, they believed our product (OLI74 SanitarBlock) was the best solution for this project. In return for their appreciation for our products, we will send samples to KaoFeng to check quality and confirmation.

Besides providing the solution that can fit their project, our prices are also cheaper than they currently buy from other markets. In addition to concealed cisterns, they also

²² <http://www.kkaofeng.com/>

asked about prices for urinal control plates, but we had to admit that at the moment there are not many choices for urinals. OLI is still improving its product range.

The second meeting took place on 24/05/2019 at 14:00 with **DoRis Enterprise Co., Ltd.**²³

DoRis was founded in 1996 and has been adhering to the business philosophy of improving quality and after-sales service for 22 years. At the initial stage, they were the distributor for many German brands, and then they also developed their own brand – Doris.

This has grown steadily step by step, and the DoRis aesthetic bathroom has been improving over time. This bathroom meets the expectations of users regarding bathroom designs and functions.

Since DoRis is a high-end showroom, we believe OLI products to be in line with their market positioning and this would be a very good opportunity for OLI to establish itself in the market and for DoRis also to carry a EUROPEAN brand.

During the meeting, what concerned the manager the most was the certification. We will keep her informed about the certification procedure and keep in contact with her.

3.8. Product Range

In this section, we will discuss OLI's solutions with reference to what is in the market. In terms of concealed cisterns, in Portugal, the market share between concealed cisterns and traditional cisterns is 40 percent and 60 percent. As time goes by, there is no doubt that the need for concealed cisterns will only increase due to its features of space-saving and modern toilets. As most people nowadays live in apartment buildings, space-saving becomes important, and concealed cisterns are the solution for making the most of bathroom space.

For those who don't want to break walls to install in-wall cisterns, they can choose QR-INOX, which is a sanitary module for easy remodeling of bathrooms and adaptable to many locations. Besides the space reduction techniques, and having in mind that nowadays people live in apartments and buildings that may not have well soundproofed walls, resulting in sound being heard from outside and nearby residences, all OLI in-wall

²³ <http://www.dorisbath.com.tw/about.asp>

cisterns are equipped with silent NF class 1 certified inlet valves, which provide fast filling with minimal noise.

Being aware that nowadays there are bathrooms without windows, OLI provides a fresh solution with a high-power extractor, which allows unpleasant odors to be extracted directly from the WC through the flush pipe and condensation to be extracted through an elegant and discreet plate.

Regarding warranty concerns, OLI products - in-wall flushing cisterns and flushing mechanisms (taps and valves) are guaranteed for 10 years, 5 years for exposed flushing cisterns and 2 years for all other products from the original date of purchase.

To sustain the water ecosystem, the use of PLUS technology equipped with a delayed filling device in OLI products and concealed cisterns with two inlet valves provide solutions. With PLUS technology, the inlet valve only starts filling the tank once the outlet valve is closed, saving approximately 0.5 liters per flush, and flushing cisterns with two water supply valves are able to connect to a second source of water, such as a rainwater tank.

With regard to the Taiwan market, Taiwanese are still not used to having concealed cisterns toilets in their bathrooms, and the sales ratios of the concealed cisterns and traditional floor standing toilets are approximately 10 and 90 percent (Design X City Taipei, 2015). This shows that the Taiwanese sanitary ware market remains an untapped market with great potential business opportunities for OLI since OLI's strategy is to explore and gain ground on quality concealed cisterns.

OLI and other companies who sell this type of products need to cultivate people about why it is a better choice and remove the fear. In Taiwan, there are no Taiwanese companies providing this type of products and solutions, instead they buy and import from China, such as companies like R&T and WDI.

Taking R&T for instance, in terms of space-saving, this company has also developed as sanitary module that adapts to many locations. However, unlike OLI, which has eight color modules, R&T only have their module available in black. With regards to the thickness of concealed plastic cisterns, the smallest size that R&T carry is 8cm, which is the same as provided by OLI.


To respond to the need to reduce water consumption in the bathroom, R&T has also developed the Delay Fill Valve. Even though, R&T's products may currently not be as diverse as OLIs, they are capable of developing integrated solutions to meet ceramic

manufacturers' demands. There is no doubt that R&T is the local competitor that OLI should not ignore.

3.9. Price Structure


In this section, we will compare some prices between what OLI charges their customers and the prices available in the Taiwan market. When the prices are compared, we will be able to figure out whether OLI is competitive in this market or not.

Justime purchased R&T's wall-hung concealed cistern for 80€ without control plate. OLI, on the other hand, charges 80€ for the same product including control plate and 10 years warranty (Figure 12).

Company	OLI	R&T
Product (wall-hung concealed cistern)	 <p><i>Picture: OLI catalogue</i></p>	
Price	80€ (control plate included)	80€ (without control plate)

*Figure 12 - Price Table
Source: meeting with Justime company*

As for Jinzhengyi, we compared our EXPERT product to the one that the manager of Jinzhengyi bought from his supplier. He paid approximately 70€ with control plate included, while OLI's price is 66€. Although it may not seem much in term of price differences, we also provide 10 years warranty (Figure 13).

Company	OLI	Supplier of Jinzhengyi
Product (Expert)	 <p><i>Picture: OLI catalogue</i></p>	
Price	70€	66€

*Figure 13 - Price Table
Source: meeting with Jinzhengyi company*

Regarding KaoFeng, though the manager of KaoFeng did not give us his supplier's specific prices, he told us our prices are much more competitive, and he might consider cooperating with us in the near future

There are not many prices to compare at the moment, due to the fact that concealed cisterns are still at an initial stage. However, we believe it has the potential to develop in the future.

3.10. Market Volume (Potential)

During our Taiwanese business trip, we realized there exists a potential to grow in terms of purchasing concealed cisterns.

Although the market volume is currently small, a gradual increase in market volumes is anticipated as consumers nowadays are looking for new and nice designs that fit their bathrooms.

We visited seven companies and at least two companies told us that at the moment the market is still small, but more and more new hotels and buildings are asking for concealed cisterns in bathrooms.

For example, KaoFeng told us during the meeting that there is a hotel being remodeled in Tainan which requires concealed cisterns, and OLI may have a chance to win the project if the necessary documents are prepared before the deadline.

We can draw the conclusion that one of the main reasons that concealed cisterns are not so popular it is because of the lack of education. One lady from our meeting told us she found wall-hung toilets very appealing, but she was afraid of using them. And so, OLI needs to inform people that wall-hung toilets can hold 400 kilos of weight, so there is no need to be afraid.

During the trip, we also noticed that some houses are rather old, so the market volume for concealed cisterns is expected to grow.

3.11. Key Findings

The academic internship dealt with in this report took place in the export department of OLI – Oliveira & Irmão, S.A. sanitary ware industry at its headquarter in Aveiro. The internship, which lasted for 5 months, from January 23rd to June 21st, focused mainly on the exercise of languages and cultural skills and practical business skills. For this reason, the internship encompassed several activities that constituted progressive stages with the objective of preparation for the entry mode of the Taiwanese market. In this section, I will list the key findings obtained from my academic internship related to the specific context of sanitary ware in Taiwan.

3.11.1. Water stress by country

Water resources face continuing pressure due to climate change, population growth, urbanization, and increasing aging infrastructures (Figure 14). The United Nations estimates that by 2025, two-thirds of the world's population may be living under conditions of water shortages.

The replacement of inefficient taps, toilets, showerheads, washing machines and dishwashers with more efficient models can have significant effects on water consumption

in the home, reducing per capita consumption significantly (Launch of water efficiency labelling report, 2019).

Given the population density of Asia, which continues to grow, it is normal for these paradigms to be felt firsthand in this region. Many of the areas where there is a clear stress on water resources remain unregulated (mandatory or voluntary).

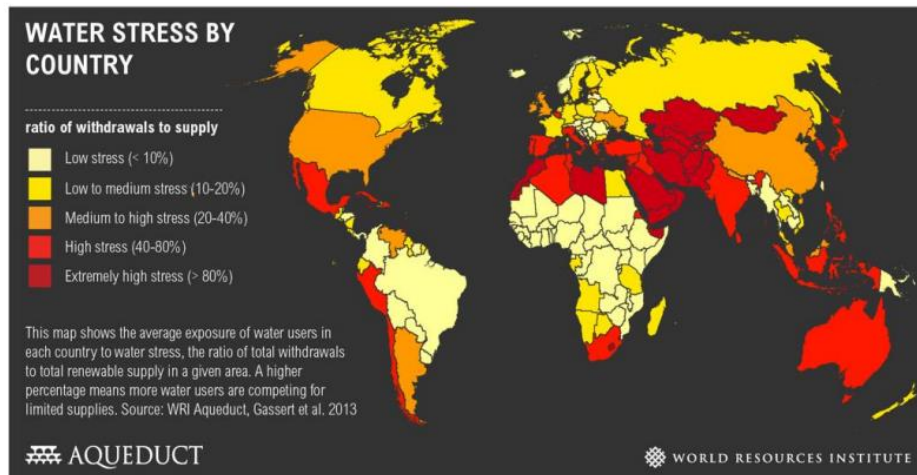


Figure 14 - Water Stress by Country

Source: World Resources Institute

In some Asian countries, many of the water efficiency labels are no more than a mere reference for consumers, because it is a voluntary label. However, in markets such as Singapore, New Zealand, Australia, and Taiwan, this is an obligation, which in addition to being a reference for consumers, is also an effective measure for the conservation of water resources.

What is also seen in Asian markets is a tendency to follow the Australian guidelines, which are used as a reference in Asia. In some markets, such as Malaysia and China, they are beginning to consider changing these standards from voluntary to compulsory very soon. What OLI is seeing is that more and more countries are becoming more aware of water resources and their governments are trying to start implementing new policies and requirements in order to reduce water waste.

3.11.2. Challenges to be overcome

As already seen, Asian markets are still marketing where traditional toilets are used. A big effort is needed for acceptance of this type of European product to grow.

The presentation of a range of products suitable for the market and with a WATERMARK certificate (Australian water efficiency label) will be an added value in all Asia, alongside the presentation of the local water labeling scheme.

A greater variety of urinal control plates with infra-red sensors is also a clear gap in the market.

The advantage of OLI PLUS technology is clear. However, it is not a suitable solution for markets in Asia that normally have a lot of sand or other dirt in the water. Besides not being a suitable product for this market, it is a product that has also already been copied by the Chinese competition (Figure 15). Although the technology is patented in Europe, "local" competition has begun to manufacture this product to nearby markets.

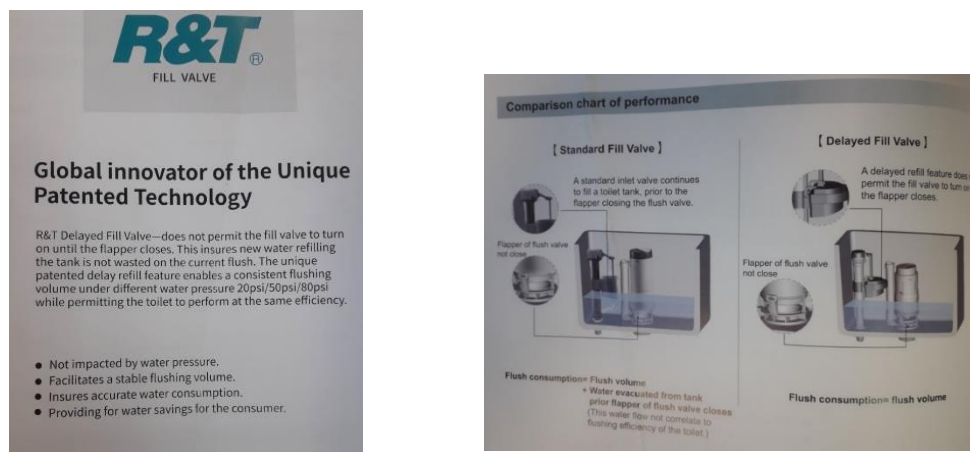


Figure 15 - Plus technology
Source: R&T catalogue

3.11.3. Aspects which most influence the buying decision

During our Taiwan business trip, we realized that prices and after-sales services are the top concern of most businesspeople.

Even though we were still at the initial stage, from what we observed on the business trip, it seemed pricing is always a big question for Asian markets (unless the solution is very innovative), and it is difficult for Europe to compete on prices with Asian rivals. However, perhaps it does not have to, as we were aware that the “Made in Europe” label is still appealing and adds value for Asian markets.

While having the meeting with JUSTIME, they indicated that even though the expense of purchasing OLI products was slightly higher than their current Chinese supplier, they would consider acquiring OLI products because they are made in Europe. That would in turn benefit JUSTIME’s brand image and allow them to market and re-sell their goods with a stronger appeal.

For KaoFeng, they preferred our products over their current European suppliers because we offer good prices and good after-sales service. They felt that OLI would work more closely with them and solve their questions promptly. Therefore, KaoFeng agreed to try and convince architects, designers and builders to adopt OLI products on a new hotel renovation project.

3.11.4. The significance of languages in business communication

During the initial phone calls and approaches, we learned that many Taiwanese companies had difficulties understanding English, which is a drawback for companies which want to explore this market. When Daniel Almeida, my manager, tried to get in touch with some Taiwanese companies at first, they either hung up the phone immediately or replied: “No, I can’t speak English.”. Even when they could speak some English, this was not enough to build up a strong communication link for business developments meaning that communication barriers still got in the way.

I felt that my counterparts were willing to talk and listen to me when they knew that they were talking with someone of the same native language and, in particular, the same cultural background. For example, when I phoned the general reception switchboard, they were willing to provide information of the right persons for me to contact. We can argue that there is a higher degree of confidence when speaking the same native language. It is

particularly important for international businesses as there is a less risk of the messages getting 'lost in translation' (Twose, 2019) and allows the communications to be more effective.

Language definitely plays an important role but having the power to adapt to different communication styles or socialization norms are perhaps as important or even more important (Savage, 2018). The idea of cultural intelligence (CI) developed by Earley & Ang, "looks at three essential facets: cognition, the ability to develop patterns from cultural cues; motivation, the desire and ability to engage others; and behavior, the capability to act in accordance with cognition and motivation" (Earley & Ang., 2002, p. 12). It is also true that some cultures are harder to adapt to than others.

Being a Taiwanese and based on the observation during my business trip, I can point out a few key aspects of communication behavior. Firstly,

punctuality is very important when doing business with the Taiwanese, as this gives a first good impression. In general, it is not only expected to arrive on time, but it is actually appreciated if you can arrive 5 or 10 minutes in advance. Another cultural behavior to keep in mind is that the Taiwanese do not often state their ideas and rejections clearly and directly. It may be hard for a businessman or woman to perceive the outcome of a deal or request. So, usually, a Taiwanese may reply with a "we will try", or "okay, I see" to imply rejection or doubt. For non-natives, or for people with none to little cultural experience, a lot of time is required to become aware of this and to work in line with it. It is easier for me to sense a hint regarding cultural behaviors in business as we share the same cultural backgrounds. To do business with foreigners, "language and culture are closely linked together, it is almost impossible not to learn about one while studying the other" (Kostić-Bobanović, Bobanović, & Novak, 2016).

In general, success in business negotiations usually requires language skills. However, having language skills may not be enough to gain the trust of clients; developing trust with clients and overseas partners requires advanced language and cultural skills (Duggan, 2009). This is to say that successful businesses recognize the need to be accurate — both culturally and linguistically (Duggan, 2009).

3.12. Recommendations & Limitations

Developing potential customers is a time-consuming process, and apparently five months is not enough to build business cooperation. It requires time to gain trust and develop rapport with partners, especially when it comes to Asian markets. In Asian culture, having trust is not enough, you also need to have good harmonious relationship to obtain successful cooperation.

Taking our potential KaoFeng distributor as an example, he was our buyer about ten years ago, and then he stopped doing business with us due to prices not being competitive. However, he found our products very appealing during the ISH in March and might consider working with us again. The second meeting we had with KaoFeng was in Taiwan in May in their showroom, and it was then when business was about to begin. They would like to use OLI products for a hotel being remodeled. At the moment, OLI is in the middle of the process of getting a water efficiency label in order to be able to sell products in the Taiwan market. Once the business is established, all that matters is to maintain a good relationship. As we have seen, the process of reaching business cooperation is long term.

In 2017, Oliveira & Irmão changed the company's name to OLI in order to make themselves an international brand. One of the reasons was that although OLI products are very good, few people are aware of them, and OLI was not being recognized as a brand. To create brand awareness, engaging in hotel projects is a good approach, and having good distributors is also important in that it enables the brand to be well placed in and readily available to the market. That is currently what OLI is trying to do in order to enter the Taiwan market. However, before that happens, some conditions have to be met, such as obtaining the water efficiency label.

One of the biggest competitors for OLI in the Asian market is R&T. Not only does OLI need to provide competitive prices, but it also needs to develop products that can be suitable for particular weather conditions while providing customers with a solution to their problems.

Concluding Remarks

Taiwan and Portugal are two totally different countries when it comes to both geographical and cultural perspectives, and I was honored to study at Aveiro University with incredible professors and colleagues and to experience an entirely new learning and social environment. I was also honored to be part of the OLI export department's team to and experience Portuguese office culture and business environment. I will leave some personal reflections based on my observations and experiences.

Firstly, with regard to the relationship between leaders and subordinates, it is important to recognize the importance of "guanxi" when communicating in a Chinese cultural context. This Chinese word refers to the building of a network of mutually beneficial and harmonious relationships which can be used for personal and business purposes (Goh & Sullivan, 2011). This unique Chinese relationship originates in the collectivist culture of Chinese Confucianism, which advocates that the relationship between human beings is interactive and social, rather than individualistic. The Confucian concern is to build a harmonious order in a feudal society and clearly regulate the social classes. This ideal of Confucianism has a strong influence on Asian culture, both in business and family. Therefore, in Asian business culture, the harmonious relationship between leaders and subordinates is nothing more than obeying given commands and not giving too many personal suggestions (Pan & Wong, 2008).

Compared with Taiwanese office culture, I noticed that Portuguese office culture is more like working for yourself and showing your unique abilities in the workplace. Leaders always tried to listen to opinions and ideas from their subordinates and tended to adopt their suggestions as much as possible. The responsibilities of the subordinates are not just to keep their duties and follow orders, but more importantly, it requires subordinates to be autonomous.

Having experience working in both Taiwanese and Portuguese companies, I also realized that, in general, Asians tend to give as short responses as possible, and that this does not just occur when they are speaking foreign languages, which they may feel uncomfortable with, but even when they speak their mother tongue. For foreigners who are not aware of this tendency, it may seem that Asians are a little bit impolite and rude

when they give one or two word answers to questions when they may be expecting a long response.

Cultural orientations, particularly individualism and collectivism, may have an answer for these cultural differences. Collectivist culture, which is strong in Chinese society, is associated with a greater emphasis on interpersonal harmony and a lesser emphasis on individual opinions (Triandis, et al., 2001). Therefore, we could assume that Asians sharing this culture tend to behave modestly and maintain harmony in social relationships by avoiding expressing extreme opinions and not talking much about themselves (Wang, Hempton, Dugan, & Komives, 2008)

In contrast to collectivist culture, individualism, which is strong in European societies, places a high value on the freedom of the individual and generally stresses the self-directed, and comparatively unrestrained individual (Realo, KOIDO, Ceulemans, & Allik, 2002). This cultural orientation allows people to value each individual's opinion. Therefore, employees feel recognized for their performance and for their own unique skills, and when their skills are evaluated, they are willing to express their ideas and concerns without fears of being criticized.

During my first days at OLI, I was a bit surprised by the interactions between leaders and their subordinates. Not only did subordinates address their superiors directly by name without using their title, which would not happen in Asian business culture as it would be considered disrespectful, but they also discussed with each other. Leaders did not usually feel offended when employees disagreed with their opinions or expressed and shared their ideas. This working environment allows each employee to develop their skills in their specific areas, and it is very motivating.

Regarding my personal and professional development, during my Masters degree program, I was able to develop competences in Portuguese and in foreign languages (English and Spanish), combined with business skills. The courses allowed me to develop plurilingual competence for the world of business. I was trained to cope with situations in case scenarios - for example, negotiating with business partners and handling customer complaints, and, further, to make use of communication strategies to tackle cultural differences in order to facilitate understanding in intercultural partnerships. My studies in strategy and competitiveness, entrepreneurship, business models and processes provided me with grounding in the knowledge and skills necessary to identify and tackle problems in practical contexts.

These competencies allowed me to integrate rapidly into the new business environment and enabled me to communicate and coordinate with others in an interactive and creative way. They also gave me the confidence to express myself better in foreign languages, helping me to provide a bridge connecting OLI and Taiwanese corporate organizations, to communicate with Taiwanese businesspeople without offending them, to promote OLI products with good description of the products, and to attract potential buyers to for OLI's products. My experiences have helped me become a more confident person, enabling me to overcome the challenges I met during my academic internship. My experience at OLI has complemented my knowledge and provided valuable skills for my professional future.

Regarding my internship plan, although it was not possible to fully complete the process of entering a new market in Taiwan, it is possible to state that our objectives have been achieved.

We were able to identify that there is a huge selling opportunity for wall-hung toilets in Taiwan market, although the market is yet to accept the product due to its newness, so the advantages of wall-hung toilets still need to be more accessible and advertised.

Our survey of this market has revealed that growing demands for water efficiency labels are expected to increase due to climate change and the need to protect the environment. Many Asian markets tend to follow the Australian guidelines, and on the other hand, businesses are constantly looking for which label will give them a competitive advantage (Launch of water efficiency labelling report, 2019). With the Taiwanese government's support for water-saving schemes and growing awareness of the concept of sustainable development, the increase in the volume of sales of water efficient products is foreseeable.

Last but not least, the significance of language and cultural competences for companies who wish to expand their global market more efficiently should not be underestimated. In a globalized world, speaking only one language is no longer enough (Van der Meulen, 2017), and the world of business is composed of special languages that are not only confined to the English language (Holden, 2015).

OLI can be successful in exporting their products abroad because they value both the role of languages and of cultural skills to business. Advanced language skills provide the foundation for trusted relationships with customers, communities, and partners

(Duggan, 2009). In addition, knowledge of languages and cultures of the country and community is necessary for successful external communications (Duggan, 2009).

In summary, with languages and cultural skills among its workforce, a company is able to enhance and maintain connections with current markets and, more relevantly in the context of this report, to move into new markets, building trust and relationships necessary for sustainable business relations.

References

- A maintenance and promotion plan for traditional industries.* (2012). Retrieved from Council for Economic Planning And Development, Executive Yuan: <https://ws.ndc.gov.tw/Download.ashx?u=LzAwMS9hZG1pbmlzdHJhdG9yLzEzL3JlbGZpbGUvNjEyNC8xMjM2Ny8wMDE3Nm4LnBkZg%3D%3D&n=MTAxMTAxNuWCs%2BeUoue2reaWsCjoqJjoglUpLnBkZg%3D%3D&icon=..pdf>
- About Green Mark.* (n.d.). Retrieved from Environment Protection Administration, Executive Yuan, R.O.C.: <https://greenliving.epa.gov.tw/Public/Eng/GreenMark/First>
- Bartlett, C., & Ghoshal, S. (1989). *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press.
- Brannen, M., Piekkari, R., & Tietze, S. (2014). The multifaceted role of language in international business: Unpacking the forms, functions and features of a critical challenge to MNC theory and performance. *Journal of International Business Studies*, Volume 45, Issue 5, pp 495–507.
- Chen, J. (2012). *2012 Brand Survey*. Retrieved from SEARCHHOME: <https://www.searchome.net/article.aspx?id=18941>
- Ching, C., & Chen, J. (2008). The Cross-strait Ceramic Building Material Production Network - A Market-driven Production Network. *Taiwan Land Research*, Vol. 11, No.1 pp. 169~196.
- Cifnews. (2013). *Taiwan is becoming a "springboard" for Japanese companies to enter the mainland market*. Retrieved from Cifnews: <https://m.cifnews.com/article/6747>
- Design X City Taipei.* (2015). Taipei: Conde. Retrieved from Conde.
- Duggan, S. (2009). *What business wants: Language needs in the 21st century*. Washington: The Language Flagship.
- Earley, P., & Ang, S. (2002). *Cultural Intelligence: Individual Interactions Across Cultures*. California: Stanford University Press.
- Goh, A., & Sullivan, M. (2011). *The Most Misunderstood Business Concept In China*. Retrieved from Business Insider: <https://www.businessinsider.com/the-most-misunderstood-business-concept-in-china-2011-2>
- Holden, N. (2015). *A brief history of the language of business in three snapshots*. Leeds: Leeds University Business School.
- Home - Company.* (2019). Retrieved from OLI - Sistemas Sanitários, S.A: <https://www.oli-world.com/en/opportunities/about-us/>
- Investor Relations.* (2019). Retrieved from R&T: <http://www.rtplumbing.com/content/index/52>

- Kostić-Bobanović, M., Bobanović, M., & Novak, M. (2016). *The Impact of Foreign Language Skills and Cultural Competencies on SMEs' Success in International Markets*. Croatia: Management International Conference.
- Kotler, P. (2002). *Marketing management, millenium edition*. Boston: Pearson Custom Publishing.
- Launch of water efficiency labelling report*. (2019). Retrieved from The International Water Association: <https://iwa-network.org/news/launch-of-water-efficiency-labelling-report/>
- Lin , B. (2009). *Encyclopedia of Taiwan*. Retrieved from Ministry of Culture: <http://nrch.culture.tw/twpedia.aspx?id=13538>
- Lu, Y. (2007). *Equipment of Ceramic Bathroom Industry*. Retrieved from Learning & Development: http://www.dgnet.com.tw/articleview.php?article_id=408&issue_id=81
- Ministry of the Interior*. (2017). Retrieved from Department of Statistics: https://www.moi.gov.tw/stat/news_detail.aspx?sn=12741
- Origin of nanoMark*. (2003). Retrieved from Taiwan Nanotechnology Industry Development Association: http://www.tanida.org.tw/nanomark_e.php?nm=markIntroduction_e
- Pan, W., & Wong, J. (2008). *The Antecedents Of Guanxi - An Empirical Study Of Taiwanese Firms in MainlandChina*. Yunlin, Taiwan: National Yunlin University of Science and Technology.
- Proposal for amendment to the legal inspection regulation for Electric Storage Tank Water Heaters*. (2014). Retrieved from Bureau of Standards, Metrology and Inspection: <https://www.bsmi.gov.tw/wSite/ct?xItem=55001&ctNode=815&mp=5>
- Realo, A., KOIDO, K., Ceulemans, E., & Allik, J. (2002). Three Components of Individualism. *European Journal of Personality*.
- Savage, M. (2018). *Is cultural knowledge more important than language skills?* Retrieved from BBC: <https://www.bbc.com/worklife/article/20180518-is-cultural-knowledge-more-important-than-language-skills>
- Smith, W. (1956). Product differentiation and market segmentation as alternative marketing strategies. *Journal of Marketing*, Vol. 21, No. 1, pp. 3-8.
- Tenzer, H., Terjesen, S., & Harzing, A. (2017). Language in international business: a review and agenda for future research. *Springer Berlin Heidelberg*, Volume 57, Issue 6, pp 815–854.
- Triandis, H., Carnevale, P., Gelfand, M., Rober, C., Wasti, S., Probst, T., & Kashima, E. (2001). Culture and Deception in Business Negotiations: A Multilevel Analysis. *International Journal of Cross Cultural Management*.
- Twose, R. (2019). *How does culture affect international business?* Retrieved from Language Insight: <https://www.languageinsight.com/blog/2019/how-does-culture-affect-international-business/>

- Urban renewal law and policy plan*. (2011). Retrieved from Construction and Planning Agency Ministry of the Interior: <https://www.cpami.gov.tw/最新消息/業務新訊/38-都市更新組/12337-都市更新法令與政策計畫.html>
- Van der Meulen, I. (2017). *Economy of Language*. Budapest: Corvinus University of Budapest.
- Wang, R., Hempton, B., Dugan, J., & Komives, S. (2008). *Cultural Differences: Why Do Asians Avoid Extreme Responses?* Retrieved from Survey Practice: <https://www.surveypractice.org/article/2913-cultural-differences-why-do-asians-avoid-extreme-responses>
- Water Conservation Policy*. (2014). Retrieved from Water Resource Agency: <https://www.wra.gov.tw/6996/7396/92830/>
- Xu, Z., & Yang, B. (2009). *Prosperities of Taiwan's ceramic industry*. Retrieved from Trademag: <https://www.trademag.org.tw/page/newsid1/?id=508387&iz=6>

Annexes

Annex 1 - Marketing Email

Dear Sirs,

My name _____, and I'm the Export Manager for OLI Group in the Taiwan Group.

We have identified your company as a potential user/prescriber of OLI products and would like to discuss the potential commercial relation between both companies.

Allow me to quickly introduce OLI Group to you,

With about 400 employees and EUR 54 million in sales in 2017, OLI currently has a weekly production of approximately 43700 cisterns and 64000 mechanisms. This makes OLI one of the major producers in Europe for mechanisms for the ceramic industry. Currently, OLI is the only Portuguese company producing concealed cisterns.

We are an established and well recognized company with an excellent track record for customer satisfaction, quality and innovation that has been in business for over 60 years.

Our entire value chain is managed and implemented from our facilities, that have a combined area of 82 000 square meters. Our value chain begins with the conception of ideas and is followed by their industrialization and production. At every stage we pride ourselves in our rigorous quality control processes and innovative practices. It's no surprise that we are present in over 80 countries around the world. The growing interest in a contemporary design, new technologies and materials, always with a focus on water efficiency and respect for the environment, has made OLI a world reference and a brand of excellence.

You can learn more about our company at: www.oli-world.com

I would also like to take the opportunity to let you know that we will be exhibiting in the ISH Frankfurt in March, and in case you are attending the exhibition we can arrange a meeting for me to properly introduce myself as well as OLI Group and its Products.

Look forward to hearing back from you.

Best regards

Annex 2 - Introduction for Taiwanese potential leads

OLI started as a Portuguese company, and now 50% of the capital belongs to the Simlar group, an Italian group where Fondital, RAFFMETAL, MARVON and Valsir also belong. OLI- Portugal is where we have the factory, and OLI has distribution centers in Italy, Germany and Russia. In Russia, OLI also has a small mill. The reason OLI has a mill in Russia is that Russia is a very big market for OLI. Back in 2012, Russia was bringing in a lot of tax for imports, therefore OLI was being pushed out of competition. To solve the problem, OLI established a factory there in order to keep the customers.

OLI was founded in 1954, under the name of Oliveira & Irmão, in 1981, OLI started mass production and 1993 was the year that 50% of the capital belonged to the Silmar group. And in the following years, OLI has obtained certifications and won various rewards. In 2007, OLI implemented the Kaizen methodology, because that year OLI was facing big growth and it was hard to control. However, by implementing Kaizen, OLI was able to increase the productivity by 30 percent, and reduce waste in production by 40 percent. Now when customers place orders for a full container, it only takes 2- 3 weeks to prepare. In 2016, distribution began in Germany and Italy.

In 2017, OLI renamed the company passing to OLI in order to be a more international brand. Then inside OLI, in 2018 OLI mold factory was established, giving OLI the ability to create new products very quickly because they have in-house know-how.

In terms of the value chain of the products, OLI controls all the value chain, from the design and development that OLI does entirely in-house. OLI exports 80 percent of their products over 80 countries. Europe is OLI's biggest market due to its proximity and historical relationship with OLI, but OLI is now expanding their market to the Middle East, Africa, Asia and America. In Asia, OLI is currently present in Sri Lank, Indonesia, and Hong Kong, and will soon be in Singapore. For the market in Thailand and Vietnam, OLI is analyzing potential deals.

In terms of OLI's product' range, mechanisms have been OLI's core business since they started production. And from mechanisms, OLI developed inner cisterns. That product is for Nordic countries, because it is very hot inside the house, and the water that comes in is very cold. Sometimes when the tank is filling up with cold water, the differences in temperature will crack the ceramic tanks. What OLI created is a plastic tank

that fits inside the ceramic tank to avoid leakage, and even if the ceramic cracks, there is a plastic tank that can sustain the water.

In terms of our research and development, OLI works with what the market trends are and looks at what their competitors are doing. OLI has partnerships with universities and local institutions. In OLI's research and development department, there are 20 engineers being dedicated to developing new products and delivering new solutions. Usually, OLI invests 2 percent of its turnover in research and development.

OLI is one of the most Portuguese companies with active patents; at the moment it has 45 patents. Taking dual flush as an example, although; it was not OLI who developed dual flush, it was OLI who first started the mass production. In 2003, OLI created the inlet valve that is silent for people not to hear water filling the tanks. The Atlas mechanism is a universal flushing mechanism which can be applied easily, and it fits 98% of tanks. Iplate is a control plate for concealed cisterns; customers can change colors according to their mood.

Azor Plus is a product that was developed in 2012. Plus means it has water saving technology. In traditional tanks, when we do the flush, an inlet valve immediately starts to put water inside the tanks. This is wasteful because that water does not have the pressure to clean the toilet. But with the Azor Plus mechanism, an inlet valve only starts to let the water in when an outlet valve is closed. When OLI developed this product, they carried out a test with a family of four, and they saved around half a liter per flush. And each day, in the family of four, using the toilet 3 or 4 times each person can save around 9 liters of water, and at the end of month, they can save at least 12 percent of their water bill. In the family house, this may not be a significant saving, but in commercial spaces or hotels where there are hundreds of rooms or toilets, at the end of the month, 12 percent of the water bill is a significant saving.

In 2012, OLI created its Easy Move product is for people with disabilities. The concept is that going to the bathroom is the place that we want to be independent. For people in a wheelchair, passing from the wheelchair to the toilet is complicated because of the height of the toilet. What Easy Move does is provide a remote control to enable people to adjust the height of the toilet.

In 2013, OLI created ceramic control plates, and it is the only company which has control plates made out of ceramic material. In the same year, OLI developed Hydroboost technology based on an energy saving concept. If clients have the Hydroboost technology,

they don't need to be connected to the power grid, because inside the tank, there is the concept of a water dam. Once the inlet valve is putting water inside a tank, there is a turbine that creates the energy and stores it in the battery, and this energy is used for the next flush

In the event that there is no electricity, users can still flush the toilets, with savings in the electricity bill.

In 2018, some projects demand fire safety, and OLI has created a product that has special foam which will expand when it comes into contact with heat. By expanding, it doesn't allow the fire to expand quickly. The product will resist for 2 hours, giving an extra 2 hours for people to run away from the building on fire.

In traditional water tanks, when people put liquid inside the tank, they put it directly into the water, but cleaning agents are corrosive, therefore the first thing they do is to eat the silicone seal and rubber. In order to avoid this problem, OLI created OLI Pure that has an autonomous tank with liquid, which never contaminates the water.

Happy Air products are connected directly to the toilet, and there is an extractor fan that will remove 30 percent of the smell from the toilet and 70 percent of the condensation in the air. It is a solution for rooms without windows.

Expert Plus is the solution where customers have small balcony that control plate can be installed in the front or top actuation. Quadra is a thick tank but is slim, and this product is good for public space and corner

Being one of the biggest concealed cisterns manufacturers, OLI makes sure that their products can, adapt to any project. For example, they have water tanks with 12cm thickness or 8cm thickness and provide solutions for concealed cisterns being installed either in brick walls or drywalls.

In terms of quality, and to ensure OLI products endure in countries that they work with, OLI has 36 stations where they test products with normal water, and another 36 station to test products with saltwater, rainwater, mud water and calcium water. They also do tests on frames to make sure all of the frames can sustain 400 kgs of weight, as well as the test for finishing especially on the control plates.

In terms of service, OLI provides customized solutions, technical assistance, and trains customers so they know how to work with OLI products. In terms of training, OLI has functional training in Portugal where they help their customers to know the products.

Asia is a still very traditional market, and OLI understands that there is knowledge that is needed to be spread. And what OLI does with a new partner is that they work together on new projects in order to provide solutions. Usually when architects and designers see that local distributors can offer them products and that they also have support from manufacturers, it is easier for them to prescribe products. But it is a long process in terms of the education that OLI needs to attract architects and designers to prescribe OLI products.

Although Asia is a very traditional market, something is changing, because OLI has noticed that people have started demanding this product for new hotels and buildings. OLI manufactures a lot under its OEM project. One of the things that OLI tries to do is to make the OLI brand more aware. In terms of brand OLI sales, we started 3 years ago, and until now, we only focused on OEM. We know we produce good products, but few people are aware of them, and OLI is not being recognized as a brand.